



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Connecticut Hospital Management Corporation d/b/a Stonington Institute

Docket Number: 03-30036-CON

Project Title: Establishment of Hospital for Mentally Ill Persons

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: May 14, 2003

Decision Date: May 16, 2003

Default Date: August 12, 2003

Staff: Kim Martone

Project Description: Connecticut Hospital Management Corporation d/b/a Stonington Institute (“Applicant”) proposes to establish a Hospital for Mentally Ill Persons located at 75 Swantown Hill Road, North Stonington, Connecticut at a total capital expenditure of \$21,505.

Nature of Proceeding: On May 14, 2003, the Office of Health Care Access (“OHCA”) received the Applicant’s Certificate of Need (“CON”) application seeking authorization to establish a Hospital for Mentally Ill Persons located at 75 Swantown Hill Road, North Stonington, Connecticut at a total capital expenditure of \$21,505. The Applicant is a health care facility or institution as defined by Section 19a-630, of the Connecticut General Statutes (“C.G.S.”).

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-638, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

FINDINGS OF FACT

Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings. A source reference is included with each finding of fact. All CON Applicants must attest to the accuracy and correctness of the information submitted to OHCA as part of the CON application process.

Clear Public Need Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region Impact on the Applicant's Current Utilization Statistics

1. Connecticut Hospital Management Corporation d/b/a Stonington Institute ("Applicant") is a for-profit corporation, which provides substance abuse services at 75 Swantown Hill Road in North Stonington. *(May 6, 2003, CON Application, page 2)*
2. The Applicant is licensed by the Department of Public Health for 18 Residential Detoxification and Evaluation ("RDE") beds and 32 Intensive Treatment ("IT") beds, with a pending application for approval of an additional 3 IT beds, at 75 Swantown Hill Road in North Stonington. *(Department of Public Health Facility Service Detail Report, Facility for the Care or Treatment of Substance Abusive or Dependent Persons and May 14, 2003, Supplemental Information)*
3. The Applicant is also licensed by the Department of Children and Families ("DCF") for a 35-bed Residential Treatment Center at 75 Swantown Hill Road in North Stonington. *(May 14, 2003, Supplemental Information)*
4. The Applicant proposes to establish a Hospital for Mentally Ill Persons at 75 Swantown Hill Road, North Stonington, Connecticut. The proposal includes an increase of 10 beds to be utilized as subacute crisis stabilization or other subacute/acute beds for adolescents. *(May 6, 2003, CON Application, page 3 and May 14, 2003, Supplemental Information)*
5. The proposed program will allow the Applicant to add a 10-bed short-term subacute crisis stabilization unit to its inpatient programming for youth with emergent psychiatric stabilization needs. *(May 6, 2003, CON Application, page 3)*

6. The proposed 10-bed unit will consist of a five-bed room, a three-bed room and a two-bed room located in the Infirmary building. *(May 6, 2003, CON Application, page 2)*
7. The primary service area for the proposed program is those towns located in New London county. However, the Applicant's 32-bed residential treatment program accepts DCF referred youth ages 12-18 years old from across the state. *(May 6, 2003, CON Application, page 3)*
8. The need for the proposed program is based on the following:
 - Improved patient accessibility and continuity of care, specifically for DCF clients;
 - Current waiting lists for inpatient psychiatric services; and
 - Lack of capacity in the state system of inpatient psychiatric beds.*(May 6, 2003, CON Application)*
9. DCF has indicated the statewide need for approximately 30 subacute/crisis beds and currently has contracted (or is in the process of contracting) for approximately 20 beds. *(May 6, 2003, CON Application, page 3)*
10. On May 7, 2003, Commissioner Darlene Dunbar, MSW of DCF submitted a letter of support for the proposed program stating the following:
 - This important program meets a critical need identified by DCF.
 - There is currently a dearth of intensive hospital-level mental health services for adolescents in Connecticut, and this program will provide acute, subacute, and crisis services specifically for this population.
 - The additional 10-bed hospital unit will relieve some of the burden of emergency rooms, and improve access to this level of care.*(May 7, 2003, Letter from Commissioner Darlene Dunbar of DCF)*
11. The Applicant has a waitlist of 21 youth for residential services as of April 24, 2003. *(May 6, 2003, CON Application, page 3)*
12. The Applicant's current and projected volume statistics for Fiscal Years ("FYs") 2002-2005 are as follows:

Table 1: Volume Statistics

Statistic	2002	2003	2004	2005
Total Available Beds	53	63	63	63
Detox	18	18	18	18
Residential (Intensive)	35	35	35	35
Acute/Sub-Acute/Crisis	0	10	10	10
Total Admissions	1123	1209	1295	1312
Detox	1069	1080	1090	1101
Residential	54	59	65	72
Acute/Sub-Acute/Crisis	0	70	139	139
Occupancy Rates				
Detox	84%	84%	84%	84%
Residential	100%	100%	100%	100%
Acute/Sub-Acute/Crisis		80%	80%	80%
Average Length Of Stay				
Detox	2.9	2.9	2.9	2.9
Residential	180	180	180	180
Acute/Sub-Acute/Crisis	0	21	21	21
Total Inpatient Days	12842	15317	17869	19080
Detox	3100	3131	3162	3194
Residential	9742	10716	11788	12967
Acute/Sub-Acute/Crisis	0	1470	2919	2919

* Crisis beds start 7/1/2003

13. The Applicant stated that the proposed program would enhance the quality of care by expanding capacity, increasing access and preventing inappropriate placement of youth in alternative systems of care. *(May 6, 2003, CON Application, page 3)*
14. Village for Families and Children in Hartford is an existing provider of subacute-crisis services to youth. The Applicant does not anticipate the proposed program will impact patient volume at the Village, as it will be serving a need that is currently unmet due to the lack of capacity in the system of inpatient psychiatric beds in the state. *(May 6, 2003, CON Application, page 3)*

Financial Feasibility of the Proposal and its Impact on the Applicant's Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services

15. The proposed total capital expenditure is \$21,505 for furnishings, which will be funded through the Applicant's operating funds. *(May 6, 2003, CON Application, page 3)*

16. The Applicant will hire 28.71 Full-Time Equivalents (“FTEs”), mostly mental health counselors, to operate the proposed program. *(May 6, 2003, CON Application, page 3)*
17. The Applicant’s payer mix consists of 99% DCF and 1% Medicaid. *(May 6, 2003, CON Application, page 10)*
18. The Applicant projects excess revenues of \$185,966, \$396,476 and \$327,945 for FYs 2003, 2004, and 2005 incrementally due to the project. *(Financial Projections)*
19. The Applicant’s rates are sufficient to cover the proposed capital expenditure and operating costs. *(May 6, 2003, CON Application, Financial Projections)*

Consideration of Other 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to other principles and guidelines set forth in Section 19a-637, C.G.S.:

20. There is no State Health Plan in existence at this time. *(May 6, 2003, CON Application, page 2)*
21. The Applicant has adduced evidence that this proposal is consistent with the Applicant’s long-range plan. *(May 6, 2003, CON Application, page 2)*
22. The Applicant has improved productivity and contained costs by monitoring its programs and restructuring them in order to provide a clinically satisfactory program level. *(May 6, 2003, CON Application, page 6)*
23. The Applicant currently does not have teaching or research responsibilities. *(May 6, 2003, CON Application, page 6)*
24. The distinguishing characteristic of the Applicant’s patient/physician mix is the young people referred to Stonington Institute have significant psychiatric and behavioral problems along with a history of substance use disorder. *(May 6, 2003, CON Application, Psychiatric Profile)*
25. The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(May 6, 2003, CON Application, page 5 and Attachment)*

Rationale

The proposal is based on the need to improve patient access and continuity of care. The Applicant's proposed program will expand the Applicant's existing detoxification and residential services by establishing a 10-bed short-term sub-acute crisis stabilization unit for youths with emergent psychiatric stabilization needs. The Applicant serves young people with significant psychiatric and behavioral problems along with a history of substance use disorder. There is a lack of capacity in the state for intensive hospital-level mental health services for adolescents. This program will provide acute, subacute and crisis services specifically for this population. This program meets a critical need identified by the Department of Children and Families. DCF has indicated the statewide need for approximately 30 sub-acute/crisis beds and currently has contracted (or is in the process of contracting) for approximately 20 beds. DCF stated that the additional 10-bed hospital unit would relieve some of the burden of emergency rooms, and improve access to this level of care. The Applicant currently operates 35 adolescent residential or intensive treatment beds that are 100% occupied with 21 youths waiting for placement. The 10 crisis beds will become operational on July 1, 2003. The Applicant projects 139 admissions, 80% occupancy, a 21 day ALOS, and 2,919 inpatient days for the crisis beds in the first full year of operation. The Applicant stated that the proposed program would enhance the quality of care by expanding capacity, increasing access and preventing inappropriate placement of youth in alternative systems of care. The proposal will contribute in a favorable way to the quality and accessibility of health care delivery in the region.

The proposal is financially feasible. The total capital expenditure of \$21,505 for furnishings will be funded through the Applicant's operating funds. The Applicant will hire 28.71 FTEs, mostly mental health counselors to operate the crisis unit. The Applicant's payer mix consists of 99% DCF and 1% Medicaid. The Applicant projects excess revenues of \$185,966, \$396,476 and \$327,945 for FYs 2003, 2004, and 2005 incrementally due to the project. If volume projections are achieved, the Applicant's rates and net revenue will be sufficient to cover the capital expenditure and operating costs associated with the project. OHCA concludes that the CON proposal is both financially feasible and cost-effective. Therefore, the CON proposal is in the best interests of consumers and payers.

Based upon the forgoing Findings of Fact and Rationale the Certificate of Need application of Connecticut Hospital Management Corporation d/b/a Stonington Institute to establish a Hospital for Mentally Ill Persons located at 75 Swantown Hill Road, North Stonington, Connecticut at a total capital expenditure of \$21,505, is hereby GRANTED.

ORDER

Connecticut Hospital Management Corporation d/b/a Stonington Institute is hereby authorized to establish a Hospital for Mentally Ill Persons located at 75 Swantown Hill Road, North Stonington, Connecticut at a total capital expenditure of \$21,505, subject to the following conditions:

1. This authorization shall expire on May 16, 2004, unless the Applicant presents evidence to OHCA that the 10-bed crisis unit has commenced operation by that date.
2. The Applicant shall not exceed the approved capital expenditure of \$21,505. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised project budget.
3. The Applicant's total bed capacity shall not exceed 63 licensed beds, which consists of 35 Intensive Treatment Beds; 18 Residential Detoxification and Evaluation Beds; and 10 Acute, Sub-acute, and Crisis Beds.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

Date signed:
May 16, 2003

Singed by:
Mary M. Heffernan
Commissioner

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